

**CMP: INR 57.7**

**Outlook: Positive**

**Stock Info**

BSE	541206
Bloomberg	OBCL:IN
NSE	OBCL
Reuters	ORIB.BO
Sector	Transportations & Logistics
Face Value (INR)	10
Mkt Cap (INR Cr)	122
52w H/L (INR)	95/ 43
Avg Yearly Vol (in 000')	99

**Shareholding Pattern %**

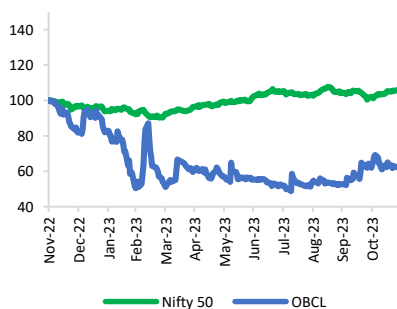
*(As on Sept, 2023)*

Promoters	67.23
FIs	0.01
Public & Others	32.77

**Stock Performance (%)**

	1m	6m	12m
OBCL	3.97	9.61	-30.12
Nifty	7.9	12.8	13.5

**OBCL Vs Nifty**



**Orissa Bengal Carrier Limited (OBCL)**, based in Raipur, Chhattisgarh, is a logistics player serving industries like steel, coal, aluminum, cement, and many more. Specializing in Full Truck Load Transport and offering services like Parcel and Part Truck Load, the company handles consignments nationwide through road transport. Established in 1994 by Mr. Ratan Kumar Agrawal, the company has grown from 10 fleets in 1995 to 112 in 2021. OBCL was listed on the Main Board of BSE and NSE in 2022.

**Key Rationale**

**Significant order wins**

- The company has secured long-term tenders with SW Bhushan Power & Steel Limited and Jindal Steel & Power Limited in FY23 for 3-year and 1-year periods, respectively, demonstrating the company's strong foothold in the steel industry, which constitutes 71% of its business.
- They had secured an INR 1,000 Mn contract in Jan'22 with Jindal Stainless Ltd. for the transportation of 3 lakh tonnes of materials over 2 years.
- In FY23, they also achieved a 1-year contract of INR 1,460 Mn with Vedanta Limited for transporting finished aluminum items to the West cluster.
- They renewed their contract with Sunflag Iron & Steel Company, involving the transportation of 2,400 tonnes of materials in FY23, following a previous agreement for 5,000 tonnes in Dec 2022. This repeated collaboration puts OBCL in a favorable position for ongoing and future opportunities.

**Reliable in managing various logistics for different industries**

- OBCL has managed diverse logistics operations for various industries. They have transported coal from Talcher Mines to Vedanta Limited in Jharsuguda, materials from Visakhapatnam and Gangavaram Port to various Eastern locations, and materials from JK Paper Limited in Rayagada to multiple locations in North and South India.
- They have also executed operational orders for Jindal Steel and Power Limited, covering inbound and outbound transportation to different locations, reflecting their operational strength.

**Enhancing capabilities through investments:** The company has made an investment of INR 44.4 Mn in trucks and trailers from Central Transport Services.

**Efficient cement industry logistics:** The company has ensured timely delivery to diverse locations by fulfilling orders from various cement plants, including Shree Cement Limited, ACC Limited, Nuvoco Vistas Corporation Limited, Nu-Vista Limited, Ambuja Cements Limited, Ultratech Cement Limited, Dalmia Cement Bharat Limited, and JK Lakshmi Cement Limited.

**Outlook:** OBCL has plans to expand its services into new areas like Air and Marine services, aiming for at least 5 different verticals. They're also working on software for an online platform targeting more than 10,000 commercial transport vehicles. The higher demand for metals and minerals portrays promising future opportunities for OBCL. **We are positive on the company as it has taken significant steps to enhance key areas such as transportation, controls, and operations. It is valued at an EV/EBITDA of 17.6x of FY23 EBITDA and P/E of 33.2x of FY23 EPS of INR 1.74. Looking ahead, the company is confident in its potential for the medium to long term and aims to grow its network branches from 40+ to 100+ in the next 18-24 months.**

## Company Detail Background

Company Snapshot	
Company Background	Orissa Bengal Carrier Limited operates in the transportation and logistics sector, offering a range of services such as full truck load transport, parcel services, and less than truck load (LTL) or part truck load services. The company facilitates shipments for local, regional, and nationwide cargoes, catering to diverse industries including construction, mining, iron and steel, chemical and fertilizers, heavy engineering, engineering, procurement, and construction (EPC), FMCG, oil and gas, beverages, and white goods.
Promoter Background	Ravi Agarwal is the managing director at Orissa Bengal Carrier Ltd. Ravi Agarwal is also on the board of Jharkhand Milk Products Pvt Ltd.
Promoter Holdings	Ravi Agarwal is holding 38.08%.
Revenue Mix	Steel 71% , Lubricants/Petroleum 12%, Aluminum 8%, Cement 4%, FMCG 2%, Papers 2%, Others 1%
Industries	Metal, steel, coal, aluminium, cement, petrochemicals, paper, marble, tiles, infra, textile, FMCG
Key Customers	Ambuja Cement Limited, Emami Cement Limited, Shree Cement Limited, Jindal Cement Limited, Hindalco Indus Limited, Tata Steel Limited, Reliance Industries Limited, Electrosteel Steels Limited, Jindal Stainless Steel Limited, Jindal Steel & Power Limited, Bhushan Steel Limited, Bhushan Power & Steel Limited, Reliance Jio, Steel Authority of India Limited, Ballarpur Industries Limited, Dabur India Limited, Indian Metals & Ferro Alloys Limited, Vedanta Limited, Bharat Aluminium Company Limited, Larsen & Toubro, Godrej Consumer Products Limited, Ultratech Cement Limited, Godawari Power & Ispat Limited, Sarda Energy & Minerals Limited, and Emami Limited.

Source: Aриhant Research, Company Filings

**Diverse clientele with industry leaders:** OBCL operates in various industries, serving clients like Vedanta, Jindal Steel, APL Apollo Tubes, Ambuja Cement, Reliance Industries, and more. These clients, being leaders in their sectors with strong credit profiles, reduce the risk.

**Vision 2040:**

- The company has set a target to achieve a billion-dollar market capitalization by the year 2040.
- OBCL plans to expand its clientele to include over 1,000 clients.
- Intends to diversify its services by venturing into a minimum of 5 verticals, including Air and Marine services.
- By adopting a Collective Consciousness Driven approach, OBCL positions itself as a company dedicated to long-term growth.
- OBCL plans to establish the "OBCL Foundation" with a focus on contributing to a healthier society through various initiatives.

**Showing efficiency through technology:**

- To streamline operations and enhance security, the company implemented the "One Company One Software" policy, acquiring the "Lozics" software.
- This software, utilized by over 100 companies in similar logistics businesses, ensures that only authorized personnel can modify entries. The key benefit lies in hassle-free verification and scrutiny processes.
- With the adoption of Lozics, the company has successfully optimized its branches, reducing them from 55 in FY18 to 40 in FY23.

**Comprehensive logistics solutions:**

- The company provides diverse services like transportation, logistics, and warehousing across India through a network of 40 branches.
- With its fleet of 69 vehicles and access to around 5,000 local market vehicles, OBCL ensures nationwide services using a hub-and-spoke model which enables the company to transport goods and provide customers access to multiple destinations for bookings and deliveries.

**Business Model****Provides various services based on customer needs:**

The company tailors its vehicle specifications according to the services requested by customers, combining their fleet with hired vehicles to deliver effective transportation services.

**Nationwide operations:** Their fleet operates countrywide, catering to corporate and government clients. Using a hub-and-spoke model, they offer truckload delivery services connecting various regions across India.

**Business Model****Extensive network and differentiated offerings:**

Leveraging a large hub-and-spoke transportation network, the company focuses on safe and prompt delivery, aiming to build a strong brand presence throughout India.

**Flexible contractual approaches:** They collaborate with clients to devise logistics solutions, entering into time-bound service contracts that are customized based on specific terms. These terms may vary, including pricing models such as per truck, per trip, per ton, among others, to suit client requirements.

*Source: Aриhant Research, Company Filings*

**Opportunities:**

- Infrastructure development initiatives such as Sagarmala, Bharatmala, and Dedicated Freight Corridors (DFCs) have enhanced logistics efficiency.
- Regulatory and process-related reforms like paperless EXIM trade processes through E-Sanchit and faceless assessment through Turant Customs further contribute to sector efficiency.
- The Prime Minister has allocated around INR 1,000 Mn for the 'Gati Shakti' master plan to accelerate the development of transportation and logistics infrastructure.

**Geographical presence and its advantages:**

- OBCL is headquartered in Raipur, Chhattisgarh, strategically located in Central India.
- The company plays a significant role by contributing 30% to India's steel/sponge iron production and 15% to India's cement production.
- Chhattisgarh's central location allows OBCL to serve around 520 million people across seven neighboring states.
- The geographical advantage enables OBCL to efficiently provide transportation services for the movement of goods across Pan India.

**Industry growth drivers:**

- India presently allocates about 14% of its GDP to logistics, surpassing Japan (11%) and the USA (9-10%).
- India's Logistics Market is expected to reach USD 650.52 Bn by FY28, growing at a CAGR of 8.36%.
- The increasing desire for faster delivery times, along with the rapid adoption of newer technologies and ongoing nationwide infrastructure improvements, is increasing consumer preference and contributing to the overall growth of the logistics industry.

**Operational capacity:**

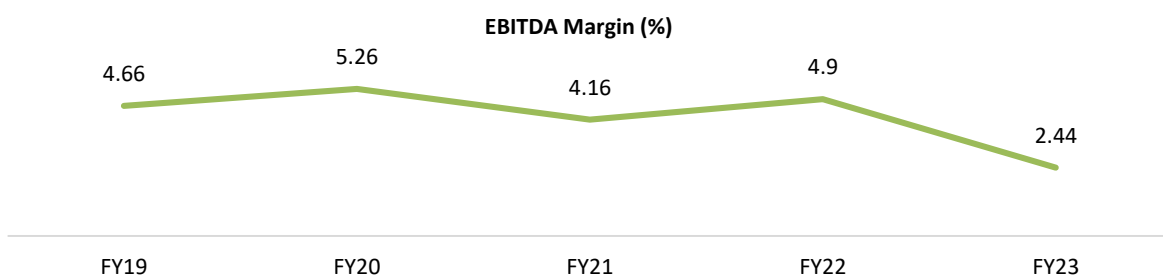
- Full Truck Load (FTL) services, specializing in local, regional, and nationwide shipments.
- Parcel and part truck load, and Less Than Truck Load (LTL) services offered.
- Fleet equipped with over 12 wheelers, 42 owned & attached trucks, 800 14/18 wheelers, and 60 owned & attached trailers, totaling over 1000.

**OBCL's Financial Setback: Reporting Quality Issues**

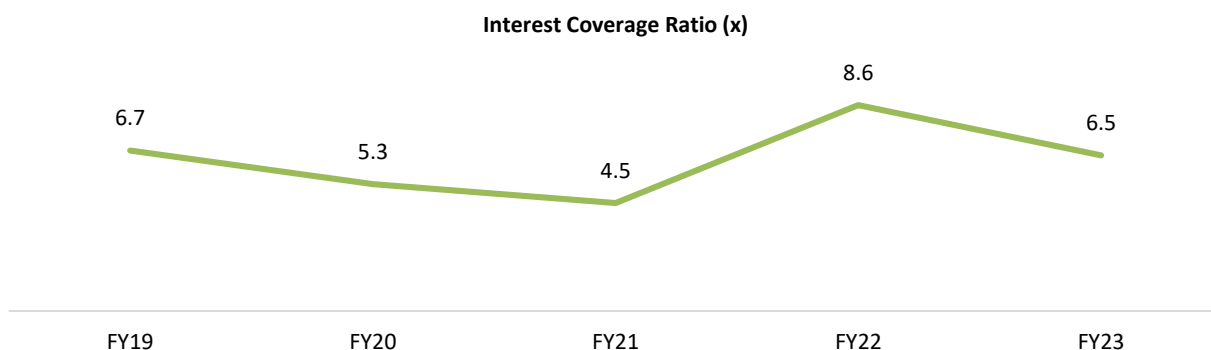
- OBCL encountered a setback with an amount of INR 54.1 Mn initially identified as fraud at the Jharsuguda Branch.
- This amount was incorrectly listed as a Non-current asset in the Financial Statements for FY22.
- In FY23, the company had to derecognize this amount, leading to a decrease in its profit.
- This incident highlights challenges in the reporting quality of the company, resulting in financial losses.

**Future Strategy**

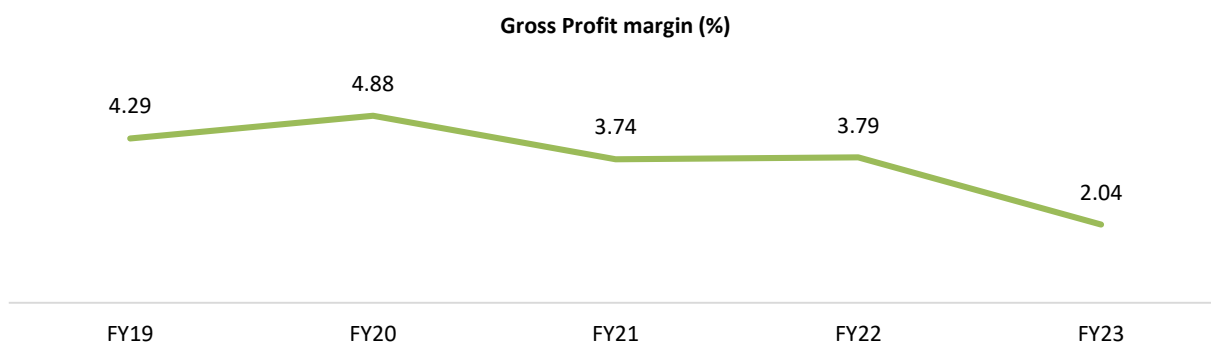
- OBCL aims to enhance its market presence through the expansion of its marketing team.
- The focus is on securing a larger share of existing customers and exploring new business opportunities.
- Development of software for an online platform targeting over 10,000 commercial transport vehicles is underway.
- Strengthening partnerships, particularly in the third-party logistics segment, is a key priority.
- The company focuses on timely last-mile deliveries through collaborations with existing and new partners.
- OBCL plans to increase its network branches from 40+ to 100+ in the next 18-24 months.



Source: Arian Research, Company Filings



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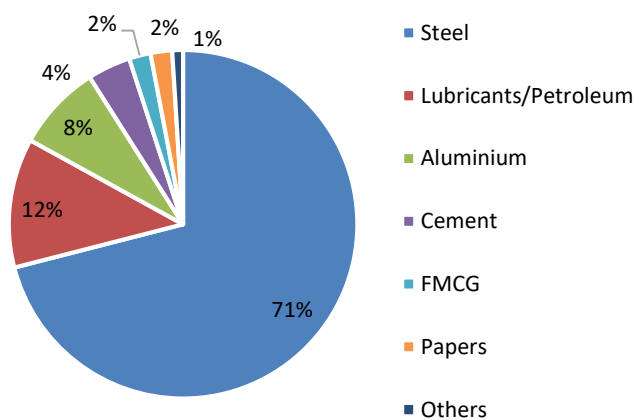


Source: Arian Research, Company Filings

## Capex Trend (INR Mn)

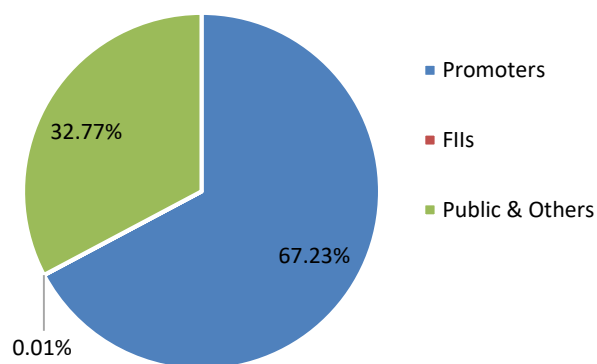
Particulars	FY19	FY20	FY21	FY22	FY23
Capex	54.1	31.4	2.7	0.6	54.5

## Segmental Revenue Breakup (FY23)



Source: Arianth Research, Company Filings

## Shareholding Pattern %



Source: Arianth Research, Company Filings

## Financials OBCL

P&L (INR Cr)	Q2FY24	Q1FY24	Q2FY23	FY23	FY22
Revenues	90.9	79	103.2	368.5	306.4
Operating Profit	3	3.1	5.3	7.5	11.6
Operating Profit Margin (%)	3.37	3.93	5.14	2.04	3.79
PBT	2.7	2.9	4.3	5	10.6
PAT	1.9	2.3	3.2	3.7	7.8
PAT Margin (%)	2.09	2.91	3.1	0.99	2.58
EPS (INR)	1.0	1.1	1.5	1.7	3.7

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**Stock Rating Scale**

BUY  
ACCUMULATE  
HOLD  
NEUTRAL  
REDUCE  
SELL

**Absolute Return**

>20%  
12% to 20%  
5% to 12%  
-5% to 5%  
-5% to -12%  
<-12%

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